GOVERNMENT OF INDIA
SHIPPING
LOK SABHA

UNSTARRED QUESTION NO:2839
ANSWERED ON:06.08.2015
Cabotage Restrictions
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Will the Minister of SHIPPING be pleased to state:

(a) whether the Government proposes to relax the Cabotage restrictions to allow foreign ships to operate in the country and if so, the details and objectives thereof, port-wise;
(b) whether the said relaxations are likely to be extended to the Western coast as well and if so, the details thereof and if not, the reasons therefor;
(c) whether certain representations from the concerned stakeholders against such relaxation have also been received by the Government and if so, the steps being taken by the Government thereon;
(d) whether the operational cost of Indian vessels is much higher than that of foreign vessels and if so, the details thereof along with the reasons therefor; and
(e) whether the Government proposes to relax certain taxes on Indian vessels to make them more affordable to operate and strengthen coastal shipping in India and if so, the details thereof and if not, the reasons therefor?

Answer

MINISTER OFSTATE IN THE MINISTRY OF SHIPPING
(SHRI PON. RADHAKRISHNAN)

(a)to(c): With a view to increase aggregation of EXIM container cargo and empties on east coast of India so that ports get higher proportion of gateway traffic and to increase coastal traffic movement through specialized vessels such as Ro-Ro, Hybrid Ro-Ro, Ro-Pax, Pure Car Carriers, Pure Car and Truck Carriers, LNG Vessels and Over-Dimensional Cargo or Project Cargo Carriers which are in short supply in India, the Ministry of Shipping has prepared a policy note regarding cabotage and circulated it to all the stakeholders, departments and agencies for comments.

(d) The operational cost of Indian vessels is estimated to be higher than that of foreign vessels due to duties and taxes on bunker fuel, income tax on seafarer's income, and other taxes paid by Indian flag vessels.

(e) To make Indian vessels more affordable to operate and strengthen coastal shipping in India Government of India has exempted Customs and Excise Duty leviable on specified bunker fuels used in Indian flag vessels for transportation of EXIM and empty containers between two or more ports in India. In the Union Budget 2015-16, Service Tax abatement rate for transportation of goods in sea vessels has been raised from 60% to 70%.
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